

Message Text

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PAGE 01 LONDON 11412 031752Z

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ACTION EUR-25

INFO OCT-01 IO-15 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 AGR-20 SS-15

NSC-10 DRC-01 /154 W

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R 031740Z OCT 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4483

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

UNCLAS LONDON 11412

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, UK

SUBJECT: PM SPEECH AT 40TH ANNIVERSARY LUNCHEON OF
MILK MARKETING BOARD.

SUMMARY:

1. PM IN SPEECH REFERRED TO AND ENDORSED SECRETARY
KISSINGER'S CALL FOR WORLD FOOD CONFERENCE NEXT YEAR,
ATTACKED "MYTH" THAT UK FOOD PRICES HAVE RISEN BECAUSE
OF EC MEMBERSHIP, AND LEFT THE DOOR OPEN FOR POSSIBLE
HMG SUBSIDIES ON BASIC FOODS.

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PAGE 02 LONDON 11412 031752Z

END SUMMARY.

2. AFTER OPENING CONGRATULATORY REMARKS, PM DISCUSSED CURRENT FOOD PRICE INFLATION AND TALKED OF "THE GREAT MARKET MYTH" THAT "BRITAIN JOINED THE COMMUNITY AND FOOD PRICES INCREASED. THEREFORE FOOD PRICES HAVE INCREASED BECAUSE BRITAIN JOINED THE COMMUNITY." PM SAID UPWARD MOVEMENT IN FOOD PRICES IS DUE TO COMBINATION OF INCREASED DEMAND WORLD-WIDE FOR FOOD CAUSED BY RISING INCOMES, AND TO BAD WEATHER AND HARVESTS IN 1972 REQUIRING LARGE FOOD IMPORTS INTO RUSSIA AND CHINA.

3. PM THEN TURNED TO STATE OF BRITISH ECONOMY AND POINTED OUT THAT UK EXPORTS ARE INCREASING ONE AND A HALF TIMES FASTER THAN IMPORTS. HE SAID UK CANNOT CONTROL WORLD MARKETS BUT HMG IS NOT DOGMATICALLY OPPOSED TO SELECTIVE SUBSIDIES ON SOME BASIC FOODS. GOVERNMENT IS HELPING WITH MILK AND, THROUGH COMMUNITY SCHEMES, WITH BUTTER BUT GENERALLY UK "STANDARD OF LIVING IS WAY AHEAD OF COST OF LIVING."

4. PM THEN DISCUSSED NEED TO PLAN FOR AGRICULTURE AND FOOD NEEDS NOT ONLY NATIONALLY AND IN EUROPE BUT ON WORLD SCALE. HE SAID "I WAS INTERESTED TO SEE THAT LAST WEEK SECRETARY OF STATE KISSINGER PROPOSED THAT THERE SHOULD BE A WORLD CONFERENCE NEXT YEAR ON FOOD SUPPLIES. RECOGNITION THAT THE SHOCKS WE HAVE RECENTLY SUFFERED IN WORLD FOOD SUPPLY AND DEMAND CAN ONLY BE DEALT WITH BY PRODUCERS AND CONSUMERS ACTING TOGETHER IS ESSENTIAL."

5. PM FINISHED BY DRAWING AN ANALOGY BETWEEN MILK MARKETING IN THE UK AND THE MANAGED OVERALL MARKET OF THE CAP. HE SAID THE PRINCIPLE "OF A MARKET REGULATED IN THE INTERESTS OF BOTH PRODUCERS AND CONSUMERS..... HAS TO BE APPLIED WITH SUFFICIENT FLEXIBILITY TO REFLECT CHANGING CIRCUMSTANCES..... THAT IS WHY WE MUST LOOK AT THE COMMON AGRICULTURAL POLICY FROM TIME TO TIME." 6. TEXT OF SPEECH BEING FORWARDED BY AIRGRAM.

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PAGE 03 LONDON 11412 031752Z

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